

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EA/J:RNKILPATRICK/EA/PRCM:HETTHAYER/JSR:KAR
APPROVED BY EA:RHOLBROOKE
EA:WHGLEESTEEN
EUR-MS. BARNES
S/S-O:SRPVALERGA

-----075124 201128Z /21

R 200154Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA
INFO USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 015734

EXDIS

E.O. 11652: GDS

TAGS: ETRD, PGOV, CH, JA, US

SUBJECT: BRIEFING FOR JAMEISON'S VISIT TO JAPAN AND PRC

1. DEPARTMENT HAS KEPT CANADIAN EMBASSY VERY WELL BRIEFED ON THE STATE OF OUR RELATIONS WITH JAPAN AND THE PRC. IN RESPONSE TO SECRETARY JAMEISON'S REQUEST, HOWEVER, YOU MAY EITHER PASS THE FOLLOWING MESSAGE ORALLY TO HIM OR PROVIDE IT AS A PIECE OF PAPER.

2. BEGIN TEXT: WE APPRECIATE SECRETARY JAMEISON'S INTEREST IN BEING BRIEFED ON ANY ISSUES WHERE HE MIGHT BE HELPFUL TO US DURING HIS VISITS TO JAPAN AND CHINA. WE HAVE NO SPECIFIC REQUESTS TO MAKE IN THIS REGARD BEYOND WELCOMING ANYTHING APPROPRIATE HE CAN DO TO FOSTER REALISTIC AND
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HELPFUL APPRAISAL IN THESE COUNTRIES OF US POLICIES. IN THE CASE OF JAPAN, THERE ARE THREE ISSUES IN US-JAPANESE RELATIONS OF PARTICULAR INTEREST TO CANADA. TWO OF THESE, FISHERIES AND NUCLEAR ISSUES, HAVE BEEN COVERED VERY THOROUGHLY IN US-CANADIAN CHANNELS ESTABLISHED FOR THIS PURPOSE. THE THIRD ISSUE IS OUR PROBLEM WITH JAPAN STEMMING FROM ITS LARGE CURRENT ACCOUNT SURPLUS AND TRADE

PRACTICES.THESE ENCOURAGE PROTECTIONIST SENTIMENTS IN THE US AND ELSEWHERE THREATENING DEVELOPMENTS WHICH COULD UNDERMINE THE FREE TRADE STRUCTURE ON WHICH JAPAN'S

PROSPERITY IS SO DEPENDENT. WE BELIEVE THAT WE MADE SIGNIFICANT PROGRESS ON JANUARY 13 WHEN THE US AND JAPAN ISSUED A TEN-POINT COMMUNIQUE IN TOKYO CONCLUDING A PERIOD OF INTENSIVE CONSULTATIONS AND NEGOTIATIONS INVOLVING IMPORTANT DOMESTIC CONSIDERATIONS IN BOTH COUNTRIES.

3. THE US HAS APPROACHED THESE ECONOMIC CONSULTATIONS WITH JAPAN WITH A VIEW TOWARD STRENGTHENING THE MULTILATERAL TRADING SYSTEM RATHER THAN STRICTLY IN TERMS OF IMPROVING THE US-JAPAN BILATERAL TRADING RELATIONSHIP. IN THE JOINT COMMUNIQUE, PROGRESS IS RECORDED IN FOUR MAJOR AREAS: A) JAPAN REITERATED A TARGET OF A SEVEN PERCENT GROWTH RATE; B) JAPAN SPELLED OUT ITS INTENTION TO WORK TOWARDS BRINGING ITS CURRENT ACCOUNT SURPLUS INTO EQUILIBRIUM AND ITS WILLINGNESS TO ACCEPT A DEFICIT; C) JAPAN STATED AS A BASIC OBJECTIVE THE PLACING OF ACCESS TO ITS MARKETS ON A RECIPROCAL BASIS WITH THOSE OF ITS MAJOR TRADING PARTNERS; AND D) JAPAN SPECIFIED A NUMBER OF IMMEDIATE ACTIONS DESIGNED TO DEMONSTRATE THAT JAPAN IS NOT A CLOSED MARKET, INCLUDING THE SENDING OF SEVERAL BUYING MISSIONS TO THE US, ACTIVE SUPPORT FOR THE JOINT TRADE FACILITATION COMMITTEE, AND EXPANDING OPPORTUNITIES FOR OTHERS TO SELL BEEF AND CONFIDENTIAL

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CITRUS FRUIT IN JAPAN. IN ADDITION, JAPAN REAFFIRMED ITS COMMITMENT TO WORK VIGOROUSLY FOR A SUCCESSFUL CONCLUSION OF THE MTN BY JULY. ALSO, IN A POTENTIALLY FAR REACHING POLICY CHANGE, JAPAN STATED ITS INTENTION TO CONDUCT A SWEEPING REVIEW OF ITS RESTRICTIVE FOREIGN EXCHANGE CONTROL SYSTEM.

4. BOTH SIDES RECOGNIZE THE IMPORTANCE OF KEEPING CLOSE TRACK OF PROGRESS TOWARD REACHING THE TARGETS CONTAINED IN THE JOINT COMMUNIQUE. WITH THIS IN MIND, BOTH SIDES AGREED THAT FURTHER CONSULTATIONS WOULD BE APPROPRIATE AT THE SUB-CABINET LEVEL. THESE ARE TENTATIVELY SCHEDULED TO BE HELD THIS SPRING AND WILL BE FOLLOWED BY FURTHER CONSULTATIONS BETWEEN MINISTER USHIBA AND AMBASSADOR STRAUSS IN OCTOBER 1978.

5. WE ARE CONVINCED THAT OUR UNDERSTANDINGS WITH THE JAPANESE ARE THE BEST POSSIBLE ARRANGEMENTS WHICH WE COULD REALISTICALLY ACHIEVE AT THIS STAGE. NEVERTHELESS, WE ARE OBVIOUSLY FULLY CONSCIOUS THAT WE FACE MANY MORE DIFFICULTIES WITH THE JAPANESE OVER THE UNDERLYING ISSUES AND THAT THIS ASPECT OF OUR RELATIONS WITH JAPAN WILL HAVE TO BE

MANAGED WITH PARTICULAR SKILL AND VIGOR. THROUGHOUT OUR DEALINGS, WE HAVE TRIED TO KEEP CANADA, AND OTHER GOVERNMENTS WITH THE SAME OR SIMILAR CONCERN, FULLY INFORMED SO THAT ANY US-JAPANESE ARRANGEMENTS WILL CONTRIBUTE TO BROADER SOLUTIONS.

6. REGARDING YOUR VISIT TO CHINA, WE PROBABLY CANNOT ADD MUCH TO WHAT THE CANADIAN EMBASSIES IN PEKING AND WASHINGTON HAVE BEEN REPORTING ABOUT THE INTERNAL SCENE OR ABOUT SINO-US RELATIONS. THE CHINESE, DESPITE APPARENTLY UNRESOLVED TENSIONS AMONG THE LEADERSHIP, SEEM FIRMLY COMMITTED TO A MORE PRAGMATIC COURSE STRESSING ECONOMIC DEVELOPMENT.

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7. WE REMAIN STRONGLY COMMITTED TO THE SHANGHAI COMMUNIQUE AND TO THE NORMALIZATION GOAL, BUT WE CONTINUE TO HAVE DIFFICULTY IN FINDING A SOLUTION ON THE TAIWAN PROBLEM WHICH WILL BE SATISFACTORY TO OUR GOVERNMENT AND THE AMERICAN PEOPLE. NEVERTHELESS, THE PEKING LEADERSHIP, DESPITE SOME RHETORIC LAST SEPTEMBER AND OCTOBER, SEEMS RELATIVELY SATISFIED FOR NOW WITH THE STATE OF OUR RELATIONSHIP, AND THIS WAS CONFIRMED BY THEIR ESSENTIALLY CONSTRUCTIVE HANDLING OF VISITS THIS MONTH BY SENATOR KENNEDY AND THE DELEGATION LED BY SENATOR CRANSTON.

8. WE ANTICIPATE CHINA'S CURRENT POLICIES MAY RESULT IN A MODEST INCREASE IN TRADE WITH US, BUT SEE NO SIGN THAT THE CHINESE WILL BE PURCHASING GRAIN FROM US THIS YEAR. ON ONE ISSUE OF PARTICULAR INTEREST TO THE CANADIAN GOVERNMENT, FAMILY REUNIFICATION, WE ARE FINDING PEKING A BIT MORE LIBERAL NOW IN GRANTING EXIT PERMITS TO CHINA-RESIDENT RELATIVES OF ETHNIC CHINESE AMERICANS, BUT WE DO NOT EXPECT TO BE ABLE TO ACHIEVE A FORMAL REUNIFICATION AGREEMENT, SUCH AS YOU HAVE WITH THE CHINESE, UNTIL AFTER NORMALIZATION. END TEXT. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 Jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 Jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE015734
Document Source: CORE
Document Unique ID: 00
Drafter: RNKILPATRICK/EA/PRCM:HETTHAYER/JSR:KAR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780030-0930
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780139/aaaabgyt.tel
Line Count: 158
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d814c7e1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 May 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3738470
Secure: OPEN
Status: NATIVE
Subject: BRIEFING FOR JAMEISON'S VISIT TO JAPAN AND PRC
TAGS: ETRD, PGOV, CH, JA, US
To: OTTAWA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d814c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014